SaskPower Northern Enterprise Fund

1990 Annual Report

SaskPower Northern Enterprise Fund

Started in 1989, the program is the first of its kind in Saskatchewan. Revenue for the Fund comes from SaskPower, based on electricity generated at northern hydroelectric stations.

MANDATE

- Provide financial help to northern business people.
- Provide educational incentives.
- Be available to all northern residents.
- Be responsive to the needs of northern residents.

On the cover: SaskPower Northern Enterprise Fund, helping build the northern economy. The Fund assisted Tony Laliberte when he established Laliberte Construction in Ile-a-la-Crosse.

91-06300/

Letter of Transmittal

Saskatoon
May 1991

To Mr. Nicholas A. Kaufman, QC
Chairman and President
Northern Enterprise Fund Inc.

Sir:

On behalf of the Board of Directors, I am pleased to present the Annual Report of SaskPower Northern Enterprise Fund.

It includes the Fund's financial statements for the year ended December 31, 1990, duly certified by the auditors of the Fund.

Respectfully submitted,

Ben Siemens
Executive Director
SaskPower Northern Enterprise Fund

Executive Director's Report

Investment Fund Director Louis Bear, Mayor, Sandy Bay

"I'm new on the board this year, but not new to the program. I made a presentation to SaskPower back in 1987, and our proposal was just relating to Sandy Bay and the Island Falls power station. Now the program has grown to cover the whole north."

I am pleased to report that in the second year of its operations, SaskPower Northern Enterprise Fund has matured to become a leader among the agencies dedicated to northern development. The Fund provides loans and loan guarantees to northern residents for the development of commercial enterprises in northern Saskatchewan.

In 1990 the Investment Fund Directors reviewed 112 applications for financial help, and 53 were approved. Approximately $1.2 million in assistance was approved, of which $857,272 was utilized by 40 applicants.

I am also pleased to report that losses from loans and loan guarantees have been minimal. This demonstrates the quality of the applications for assistance. It also shows the Investment Fund Directors' dedication

to reviewing applications, and their commitment to the success of the Fund. Since the Fund was established in 1989, only five per cent of $1.3 million in loans are in default.

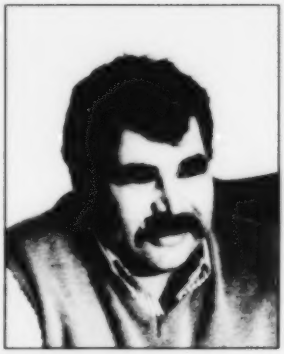
The success rate also demonstrates that quality, viable investment opportunities do exist in the north. The Fund provides the opportunity for

Fund client Gerry McMillan is busy at G & R Repair and Painting in La Ronge.

Investment Fund Director Harold (Buckley) Belanger, Mayor, Ile-a-la-Crosse

"I'd like to commend SaskPower for its initiative in starting the Fund. It set a precedent for using northern revenues for northern business, and we hope it expands. It's an example that people right across the country are looking at.

"In this time of restraint, it's nice to see a corporation showing commitment and leadership in continuing the Fund."



Investment Fund Director John Carrier, fisherman, trapper and outfitter, Cumberland House

"It's hard and expensive to start up a business, especially for young people in the north where there hasn't been much work so they don't have money put away. But our Fund is helping.

"And it's a learning process. It'll take a little while for more people to hear about what the Fund offers."

the entrepreneurial spirit of northern residents to flourish. The money in the Fund comes from SaskPower, based on the volume of electricity generated at the E.B. Campbell and Island Falls Hydroelectric Stations and the Athabasca Hydro System power plants. In 1990, SaskPower contributed approximately $952,000 to the Fund, for a total of almost $2.2 million since the Fund was established.

This money is carefully invested until it is required. At the end of 1990, the Fund had over $1 million invested in government-guaranteed securities.

The 10 Investment Fund Directors are responsible for the administration of the Fund. Its success is a reflection of the dedication of these board members, their sensitivity towards applicants, and their interest in northern development.

In August, the Fund's education committee awarded the first ever

scholarships under the name "The Northern Spirit Scholarship." This scholarship program has the potential to place $80,000 each year into post-secondary education for northern students. The Investment Fund Directors believe there has never been a more generous and thoughtful scholarship program in the north. It stands without peer in all of Canada.

The first northern students to receive scholarships totalling $2,500 each to continue their studies are listed alphabetically:

Investment Fund Director Roy Cheecham, Executive Director, Northwest Regional Development Corporation, La Loche

"The good thing about this Fund is that it provides direct revenue sharing which supports regional economic development. We in the north have been trying to get this kind of revenue sharing for years. We hope that other companies will follow this example."

John Moore of JM Masonry, Denare Beach, checks the stonework on a new fireplace.

Investment Fund Director Iris Clark, service station manager, Buffalo Narrows

"The Fund is doing something no one else is doing; money is going back into the communities.

"I feel we, as directors, represent all the communities and northern citizens fairly."

• Leanne Byl from La Ronge is studying occupational therapy at the University of North Dakota in Grand Forks.

• Andy Cook from Pelican Narrows is completing a three-year course at the National Indian Forestry Institute in Meadow Lake.

• Tricia Dwernichuk from Creighton is studying pharmacy at the University of Saskatchewan in Saskatoon.

Georgina Buller (centre) of Buffalo Narrows received a loan guarantee to purchase computers. She operates travelling business classes throughout the north, specializing in computers and business training.

* Vince Ryhorchuk from La Ronge is completing an avionics course at the Southern Alberta Institute of Technology in Calgary.

* Marilyn Sanderson from Pinehouse is completing the northern professional access program at the Northern Teachers Education Program in La Ronge.

Rodger Bird and his son, of Montreal Lake, proudly show off the sewer truck that Rodger purchased with a loan guarantee from the Fund. Rodger provides a valuable service to the Montreal Lake Band.

Investment Fund Director Brian Goffin, Department of Community Services, La Ronge

"Our group of directors has really matured since the Fund started. Our first meetings were time consuming as we developed policies, but we've quickly become much more business-like.

"We've also continued our tremendous relationship with SaskPower. They haven't interfered in the operation of the Fund."

Investment Fund Director Anne Hryniuk, rental property owner and homemaker, La Ronge

"I'm very pleased to see the success of the small, one-person operations we've helped get started. They all enhance the economy and stability in the north.

"People thought that our loan guarantees would be a total loss, but the pay-back rate is super. So many people in the north had never been able to get loans before because they had no collateral."

The scholarships, loans and loan guarantees are all making positive contributions to the northern economy and society. People throughout the north are grateful for the assistance from SaskPower Northern Enterprise Fund.

In Canoe Narrows, Bill Opikokew checks the truck that he purchased, assisted by interim financing and a small grant from the Fund. Bill has a contract to haul goods from Edmonton to the Cluff Lake mine.

On behalf of northern business people, and the Investment Fund Directors, I thank SaskPower for its generosity and foresight in creating the Fund.

I would also like to thank the Investment Fund Directors for their continuing work to support economic development in the north. Thanks also

Investment Fund Director Jean Iwasyk, caterer, Creighton

"Our Fund is really helping people who are thinking of going into small business. We look at them in a more open-minded way than a traditional financial institution."

Bernie and Edith Kadachuk were able to open Edith's Laundromat because of a direct loan from the Fund. Here, Bernie talks with a customer in Cumberland House.

Investment Fund Director Joe Roberts, Director of Resource Development, Lac La Ronge Indian Band, Stanley Mission

"The Fund is not the answer to everyone's dreams, but it can help a lot of people - little operations that wouldn't otherwise get a chance.

"I've enjoyed my first three years on the Fund board. It's been an opportunity to meet a lot of people and see a lot of proposals of what northerners would like to do."

to the retired directors, Caroline Isadore, Henry Morin and Ronald Ray, who provided valuable assistance and guidance during the start-up of the Fund, and whose terms as Investment Fund Directors expired in 1990.

Ben Siemens
Executive Director

AUDITORS' REPORT

To the Directors of
SaskPower Northern Enterprise Fund

We have audited the statement of assets and liabilities of SaskPower Northern Enterprise Fund as at December 31, 1990 and the statements of revenue, expenditures and fund surplus and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Saskatoon, Saskatchewan
January 28, 1991

Chartered Accountants

SaskPower Northern Enterprise Fund

Statement of Assets and Liabilities

As at December 31

	1990 $	1989 $
ASSETS		
Current		
Cash	**111,026**	20,724
Marketable securities (market value $1,040,506)	**1,036,381**	—
Royalties receivable	**144,652**	989,818
Current portion of loans receivable	**42,500**	—
Inventory	**7,455**	6,911
	1,342,014	1,017,453
Investments	**15,000**	—
Loans receivable	**27,500**	—
Fixed assets	**4,651**	—
	47,151	—
	1,389,165	1,017,453
LIABILITIES		
Current		
Accounts payable	**13,744**	49,675
Fund surplus	**1,375,421**	967,778
	1,389,165	1,017,453

See accompanying notes

On behalf of the Board:

Director

Director

Statement of Revenue, Expenditures and Fund Surplus

Year ended December 31

	1990 $	1989 $
Royalty revenue	**951,721**	1,239,017
Other revenue		
Interest and investment income	**71,559**	772
	1,023,280	1,239,789
Expenditures		
Grants	**242,747**	128,894
Bad debts	**72,656**	—
Scholarships	**8,750**	—
Fund directors' expenses	**84,217**	42,903
Administration fees	**60,000**	48,500
Administration travel	**9,668**	8,479
Application research	**5,637**	—
Professional fees	**45,836**	17,922
Wages and benefits	**35,277**	12,128
Advertising and promotion	**30,539**	6,072
Bank charges and interest	**5,340**	66
Telephone	**5,355**	1,840
Office supplies	**4,678**	3,881
Printing	**3,774**	1,326
Depreciation	**1,163**	—
	615,637	272,011
Excess of revenue over expenditures	**407,643**	967,778
Fund surplus, beginning of year	**967,778**	—
Fund surplus, end of year	**1,375,421**	967,778

See accompanying notes

Statement of Cash Flows

Year ended December 31

	1990 $	1989 $
Operating activities		
Excess of revenue over expenditures for the year	**407,643**	967,778
Add charges to operations not requiring a current cash payment		
Depreciation	**1,163**	—
Add (deduct) changes in non-cash working capital items		
Increase in marketable securities	**(1,036,381)**	—
(Increase) decrease in royalties receivable	**845,166**	(989,818)
Increase in inventory	**(544)**	(6,911)
Increase (decrease) in accounts payable	**(35,931)**	49,675
Cash provided by operating activities	**181,116**	20,724
Investing activities		
Increase in loans receivable	**(70,000)**	—
Increase in investments	**(15,000)**	—
Purchase of fixed assets	**(5,814)**	—
Cash used in investing activities	**(90,814)**	—
Increase in cash position during the year	**90,302**	20,724
Cash position, beginning of year	**20,724**	—
Cash position, end of year	**111,026**	20,724

See accompanying notes

Notes to Financial Statements

December 31, 1990

1. Accounting Policies

[a] Nature of Fund

The Fund is administered by Northern Enterprise Fund Inc. (formerly SaskPower Northern Enterprise Fund, Inc.) which was incorporated on March 2, 1989. The objective of the Fund is to stimulate economic growth in northern Saskatchewan and to encourage economic independence and opportunities for northern residents. The Fund provides financial packages for northern development projects by way of loans, loan guarantees and grants. Part of the Fund is also set aside for education.

Royalty revenue is provided to the Fund based on electricity generated at SaskPower's hydro stations in the north.

[b] Loan guarantees

Loan guarantees are granted when authorized by the Fund Directors, a Loan Guarantee Acceptance Agreement has been signed and the party involved has received a loan from a lending institution. If the guarantee is called, the expenditure is recorded in that year. The Fund attempts to recover the amounts so expended.

[c] Grants

Grants are recorded as expenditures when authorized by the Fund Directors and a Grant Acceptance Agreement has been signed.

[d] Marketable securities, investments and loans receivable

Marketable securities and investments are recorded at the lower of cost or market value. Loans receivable are recorded at the lower of cost and net realizable value.

[e] Fixed assets and depreciation

Fixed assets are recorded at cost. Normal repair and maintenance costs are expensed as incurred. Depreciation is recorded in the accounts on a 20% diminishing balance basis.

2. Loan Guarantees

At December 31, 1990 outstanding loan guarantees were $503,277.

SaskPower Northern Enterprise Fund's Administration Zone